



# **NAVAL POSTGRADUATE SCHOOL**

**MONTEREY, CALIFORNIA**

## **THESIS**

**DEMOGRAPHIC TRENDS IN THE EUROPEAN UNION:  
POLITICAL AND STRATEGIC IMPLICATIONS**

by

Clark Joseph Rasco

June 2004

Thesis Advisor:  
Second Reader:

David S. Yost  
Donald Abenheim

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<b>REPORT DOCUMENTATION PAGE</b>			<i>Form Approved OMB No. 0704-0188</i>	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington DC 20503.				
<b>1. AGENCY USE ONLY (Leave blank)</b>		<b>2. REPORT DATE</b> June 2004	<b>3. REPORT TYPE AND DATES COVERED</b> Master's Thesis	
<b>4. TITLE AND SUBTITLE:</b> Demographic Trends in the European Union: Political and Strategic Implications			<b>5. FUNDING NUMBERS</b>	
<b>6. AUTHOR(S)</b> Clark Joseph Rasco				
<b>7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)</b> Naval Postgraduate School Monterey, CA 93943-5000			<b>8. PERFORMING ORGANIZATION REPORT NUMBER</b>	
<b>9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES)</b> N/A			<b>10. SPONSORING / MONITORING AGENCY REPORT NUMBER</b>	
<b>11. SUPPLEMENTARY NOTES</b> The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.				
<b>12a. DISTRIBUTION / AVAILABILITY STATEMENT</b> Approved for public release; distribution is unlimited			<b>12b. DISTRIBUTION CODE</b>	
<b>13. ABSTRACT</b> <p>This thesis analyzes adverse demographic trends in the European Union, including sub-replacement birthrates and increasing median ages. It investigates the implications of these trends for the EU's prospects for becoming a stronger and more influential actor in international affairs. Pressures arising from population trends in and near the EU could ultimately affect national and EU cohesion, governmental effectiveness, and social stability.</p> <p>Absent remedial measures, social programs in some EU countries will be unsustainable due to the mounting financial burden of pensions and health care for growing elderly populations. Such financial obligations hinder funding other national programs, including modernized military capabilities. Nationalism and national identity are at issue in immigrant integration and assimilation efforts. The role of population trends with regard to the growing threat of radical Islamic fundamentalism is explored.</p> <p>The thesis concludes with policy recommendations that might be considered to avert the looming economic, social, and security crises that may result from these demographic trends. In short, the security and financial consequences foreshadowed by the current demographic trends of an aging, economically weaker, and socially conflicted European Union could present dramatic implications for the vital national interests of the United States.</p>				
<b>14. SUBJECT TERMS</b> Demography, European Union, EU, Birthrate, Worker-to-Pensioner-Ratio, Pension, Pension Reform, Pay-as-You-Go Pension, Declining Population, Population Growth, Population Pyramid, Population Implosion, Youth Bulge, NATO, Military Capabilities Gap, Immigration, Anti-Immigration, Assimilation, Integration, Migration, Nationalism, National Identity, Hijab, Anti-Muslim Legislation, Terrorism, Islam, Muslim, Islamic Fundamentalism.			<b>15. NUMBER OF PAGES</b> 59	
			<b>16. PRICE CODE</b>	
<b>17. SECURITY CLASSIFICATION OF REPORT</b> Unclassified	<b>18. SECURITY CLASSIFICATION OF THIS PAGE</b> Unclassified	<b>19. SECURITY CLASSIFICATION OF ABSTRACT</b> Unclassified	<b>20. LIMITATION OF ABSTRACT</b> UL	

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Clark Joseph Rasco  
Lieutenant, United States Navy  
B.S., United States Naval Academy, 1997

Submitted in partial fulfillment of the  
requirements for the degree of

**MASTER OF ARTS IN NATIONAL SECURITY AFFAIRS**

from the

**NAVAL POSTGRADUATE SCHOOL  
June 2004**

Author: Clark Joseph Rasco

Approved by: Professor David S. Yost  
Thesis Advisor

Professor Donald Abenheim  
Second Reader

Professor James Wirtz  
Chairman, Department of National Security Affairs

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## **ABSTRACT**

This thesis analyzes adverse demographic trends in the European Union, including sub-replacement birthrates and increasing median ages. It investigates the implications of these trends for the EU's prospects for becoming a stronger and more influential actor in international affairs. Pressures arising from population trends in and near the EU could ultimately affect national and EU cohesion, governmental effectiveness, and social stability.

Absent remedial measures, social programs in some EU countries will be unsustainable due to the mounting financial burden of pensions and health care for growing elderly populations. Such financial obligations hinder funding other national programs, including modernized military capabilities. Nationalism and national identity are at issue in immigrant integration and assimilation efforts. The role of population trends with regard to the growing threat of radical Islamic fundamentalism is explored.

The thesis concludes with policy recommendations that might be considered to avert the looming economic, social, and security crises that may result from these demographic trends. In short, the security and financial consequences foreshadowed by the current demographic trends of an aging, economically weaker, and socially conflicted European Union could present dramatic implications for the vital national interests of the United States.

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## **ACKNOWLEDGMENTS**

The author would like to express his profound gratitude to Professor David Yost for the generosity of his time as well as his guidance, encouragement, and patience throughout the preparation of this thesis.

The author also wishes to express a sincere appreciation for the concern and mentoring efforts of Professor Donald Abenheim.

Various family, friends, colleagues, and professors have assisted in this thesis throughout its preparation and are also owed a debt of gratitude.

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## **I. DEMOGRAPHIC TRENDS IN THE EUROPEAN UNION: POLITICAL AND STRATEGIC IMPLICATIONS**

The purpose of this thesis is to analyze demographic trends in the European Union and to investigate the potential effects of these trends on the EU's prospects for becoming a stronger and more influential actor in international affairs. According to the United Nations Population Information Network (POPIN), demography is "the study of population. It deals with the developments in the size, composition, and spatial distribution of the population. In a broader sense, it also involves the social causes and consequences of these developments."<sup>1</sup>

Domestic pressures, social and political, arising from demographic trends could ultimately affect national and EU cohesion and even undermine the ability of the EU to make decisions and act effectively. The nineteenth century French philosopher Auguste Comte proclaimed that demography is destiny.<sup>2</sup> This axiom, although not without merit, does not explain the complex dynamics of demography and its critical impact upon the future of a given society.

All European countries (except Albania) are currently experiencing birth rates below the population replacement level. Social welfare programs in European Union countries are challenged because fewer citizens of working age are carrying the financial burden of pensions for growing elderly populations. Improved medical technologies have extended the lifespan and the cost of care for the aged. Efforts to increase the retirement age in some countries are being met with fierce resistance. Such social financial obligations hinder funding other national programs, including modernized military capabilities, particularly in the absence of a compelling external threat.

The demographic trends of the adjacent regions will also affect the European Union's future. Rising birthrates in North Africa, East Asia, and the Middle East will

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<sup>1</sup> Jolande Siebenga, "Information on European Demography," *FID News Bulletin*, Vol. 44, Issue 9, September 1994, United Nations Population Information Network, available from <http://www.un.org/popin/regional/europe/jolande.html>, accessed 3 March 2004.

<sup>2</sup> Comte quoted in "Leaders: A Tale of Two Bellies; Demography in American and Europe," *The Economist*, 24 August 2002, 11.

likely increase immigration efforts by individuals seeking employment opportunities in the European Union. There are large immigrant populations already living in the EU and the situation has been challenging for both the immigrants and the host nations in terms of increased welfare and school costs. The populations along the eastern frontier of the EU are also of concern, owing in particular to Russia's mounting health crises (including tuberculosis, HIV/AIDS, and other diseases) and legacy environmental problems from the Soviet era.

This thesis also analyzes the cultural impact of increased immigration and rising immigrant populations within and near Europe since the end of the Cold War in 1989 – 1991. EU member countries have highly diverse and distinct histories and customs. Particular attention has been paid to populations originating from regions outside Europe, notably groups that decline to assimilate to the host nation's traditional culture and instead emphasize the retention and propagation of their own culture. The roles of nationalism and national identity are investigated with respect to immigrant integration and assimilation efforts. The rise of radical Islamic fundamentalism among growing numbers of unemployed young people living outside but near Europe poses yet another challenge to the EU.

The implications of these demographic trends in and near the European Union matter to the United States because EU countries are among America's major security and economic partners. A stronger and more cohesive EU will be capable of exerting greater power in international security arrangements, from peace keeping operations to coalition building efforts involving EU member states and others. The economic influence of the EU will likely grow in proportion to its ability to speak with a unified voice on world events, and to take effective action regarding specific issues.

The major questions examined in this thesis are as follows: What challenges do demographic trends present for the European Union's efforts to become a more cohesive and effective actor in international affairs? Is there a risk that the EU could slowly lose its position of regional leadership owing in part to these demographic trends?

The majority of the information used in this thesis for demographic trend analysis, including forecasts, is derived from published surveys of demographic and immigration data. The challenges posed by demography for the social welfare programs of major EU countries are examined. It is hoped that this research will shed more light on this complex subject than a simple focus on demographic trends alone would imply.

This thesis is organized as follows. In Chapter II, information collected from published surveys of demographic and immigration data is presented. Increasingly unfavorable worker-to-pensioner ratio trends in Europe are examined as well as the apparent causes: low birth rates and longer life expectancies of non-workers. Immigration trends are also considered in this chapter, together with relevant forecasts.

Chapter III examines the major challenges presented by the demographic trends in and near Europe. These challenges include, as already suggested, the adverse worker-to-pensioner ratios and the rising cost of health care. Extensive social welfare programs providing cradle-to-grave benefits promise to further aggravate the current fiscal challenges facing EU countries. The major EU countries' social program costs are examined along with data on the worker-to-pensioner ratios, health care costs, and associated forecasts.

The obstacles to overcoming the challenges presented in Chapter III are explored in Chapter IV. The obstacles include attitudes and expectations of EU citizens regarding the role of the state and the adverse impact of growing immigration. Fears of cultural erosion in EU nations caused by an influx of immigrants, particularly from non-European regions, are discussed as well as the reluctance of some groups of immigrants to assimilate into the culture of the host nation. Concerns over the impact of "globalization" on EU countries and the competitive weakness of economies with extensive social welfare programs are examined with respect to the role played by demography.

The concluding chapter offers informed speculation about the potential consequences of the demographic challenges facing the EU. It considers the implications for the national security interests of the United States.

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## **II. DEMOGRAPHIC TRENDS IN THE EUROPEAN UNION**

Population trends in the European Union are closely related to birthrates but also include several other demographic factors. The available workforce is shrinking in relation to those in retirement. The percentage of the aged is increasing due to unprecedented life expectancies. Immigration is another important factor in demography. Population mobility has increased in the EU and surrounding regions, owing in part to the collapse of the Soviet Union and technological advances. Additionally, large numbers of non-Europeans are eager to seek employment in prosperous EU countries with generous social welfare programs. This chapter also discusses factors that qualify demographic analyses, including caveats regarding the long-term reliability of population forecasting.

### **A. BIRTHRATES BELOW SUSTAINMENT LEVELS**

The demographic trends within the European Union are a result of several factors: above all, low birthrates, extended life expectancies, and immigration. All European countries (except Albania) have birthrates at sub-replacement levels – that is, below the presumed sustenance level of 2.1 children per woman. For example, the following birthrates were reported by the United Nations Population Division for the leading countries in the European Union: France at 1.89; the United Kingdom at 1.60; Germany at 1.35; Austria at 1.28; Greece at 1.27; Italy at 1.23; and Spain at 1.15.<sup>3</sup> The average fertility rate for the European Union in 2002 was 1.47.<sup>4</sup> The average for Europe (including Russia) is 1.34.<sup>5</sup> (See the Appendix)

In early 2003, it was reported that northern and western Europe have birthrates closer to replacement rates while southern European countries are experiencing a much

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<sup>3</sup> United Nations Population Division, cited in Martin Wolf, “How To Prevent Old Europe Becoming a Dying Continent,” *Financial Times*, 5 March 2003, 11.

<sup>4</sup> Thomas Fuller, “Low Birthrates Pose Challenge for Europe,” *International Herald Tribune*, 12 December 2002.

<sup>5</sup> United Nations Population Division, cited Wolf, “How To Prevent Old Europe,” 11.

steeper decline. Moreover, some of the new EU members face birthrate challenges of an even greater magnitude, for example, Latvia at 1.10; Romania at 1.32; and Poland at 1.26.<sup>6</sup>

Some commentators on demography and economics have found a correlation between financial success since the 1950s with sharp decreases in fertility.<sup>7</sup> However, the presence of a large and growing population is not sufficient to guarantee economic success or military power, as the examples of India and Nigeria suggest. Economic vitality in today's globalized markets is due in large measure to entrepreneurial activities in successful economies. Those members of society who would risk time and capital are disinclined to operate under conditions created by governments which place heavy restrictions and substantial regulations upon economic activity. The enlargement of the EU, with ten new members in May 2004, may provide the "entrepreneurial spark" needed in the fiscally strapped economies of its founding members.<sup>8</sup>

## **B. SHRINKING WORK FORCE**

It has historically been possible to represent the population of a country geometrically as a population pyramid overlaid upon an X-Y graph with the population total along the X-axis correlating to that cohort's age along the Y-axis. In such a graph, the oldest members of society would be in the narrow corner at the top of the triangle. The more numerous youth would be located along the bottom. Naturally, as time advances, the number of aged persons declines, thus forming the smallest area at the peak. Assuming that there were enough births to sustain the population, an increasing number of elderly persons living longer lives would necessarily elongate the shape of the triangle upwards to incorporate this expanding cohort of the aged. In addition, if birthrates decline, the base of the triangle will begin to shrink. The present combination of these phenomena distorts the long-established typical ratio of the young and old, thereby increasing the median age of the population. As this process continues, the

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<sup>6</sup> Ibid., 11.

<sup>7</sup> "A Tale of Two Bellies," 11.

<sup>8</sup> Ibid., 11.

number of people in the working cohort (age 15-60) will decline not only in actual numbers, but also in proportion to the number of pensioners. The economic impact of this trend, which is manifest in the European Union, is explored in Chapter III.

### **C. DELAYS IN CHILDBIRTH**

Recent research conducted with collaboration among the journal *Science*, the Vienna Institute of Demography of the Austrian Academy of Science, and the International Institute for Applied Systems Analysis (IIASA), in Laxenburg, Austria, concluded that the current European sub-replacement birthrate reached a “turning point” in 2000 – a phenomenon called “negative momentum.” Negative momentum “implies that even if women in the future should have an unexpected fertility increase to two children on average the population would (in the absence of migration and mortality changes) be destined to shrink.”<sup>9</sup> Wolfgang Lutz, a member of the research team, noted, “Negative momentum has not been experienced on a large scale in world history so far. It is now like sailing against a current running toward population shrinkage and aging.”<sup>10</sup> Two factors were cited as the reasons for this phenomenon. The first is that women are deciding to have fewer than two children (on average). The second factor explored in this study is the less well researched “tempo effect” whereby women are also choosing to have children later in life. The researchers “found that approximately 40 percent of potential future population declines caused by low fertility were related to the postponing of births.”<sup>11</sup>

### **D. EXTENDED LIFE EXPECTANCIES:**

The increasing life expectancies experienced in developed countries, including those of the European Union, are producing a larger cohort of older individuals in society. Advances in health care such as medicines, vaccinations, nutrition, and

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<sup>9</sup> “Europe’s Population at a Turning Point: Europe has just entered a Critical New Phase of its Demographic Evolution, Delays in Childbearing make a Big Difference for the Birth Rate,” *International Institute for Applied Systems Analysis, Office of Information*, 27 March 2003.

<sup>10</sup> Lutz quoted in “Europe’s Population at a Turning Point.”

<sup>11</sup> “Europe’s Population at a Turning Point.”

preventive care help to explain this “health explosion” phenomenon. (However, there is evidence to suggest that death rates in most former Soviet republics and former Warsaw Pact states are on the rise.<sup>12</sup>) The increased life expectancy trend, in combination with low birthrates, is at the forefront of the pension viability challenge for European Union nations (and others), and it has been an area of study for the Organization for Economic Cooperation and Development (OECD). Jean-Philippe Cotis, Chief Economist of the OECD, has written:

Population ageing is set to affect all OECD countries over coming decades. Demographic projections are uncertain, but on middle-of-the-road assumptions, the ratio of people over 65 to those between 20 and 64 could double between now and the middle of the century. And in some countries, such as Japan, Italy and Spain, this ageing will be much stronger.<sup>13</sup>

## **E. IMMIGRATION**

Immigration has always existed. It has long been used by countries seeking to augment their work forces. Immigrant labor (legal and illegal) is a reality of European economics. In 2001 the EU concluded that 20 percent of the EU’s collective GDP was generated by illegal workers, many of whom lived underground without the support services such as health care afforded to legal workers.<sup>14</sup>

Immigration is often cited as one of the possible remedies available to offset the sub-replacement birthrates of European Union countries. Several countries are examining their immigration policies in order to maximize the benefits from immigration and to mitigate the potential negative effects of poorly designed and regulated immigration practices. British Prime Minister Tony Blair commented on 27 April 2004 that a combination of immigration abuses, ineffective legislation, and politics has led to a

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<sup>12</sup> Nicholas Eberstadt, “Can Eastern Europe Cope with Demographic Calamity?” *American Enterprise Institute for Public Policy Research*, Posted 1 January 2000, available from [http://www.aei.org/include/news\\_print.asp?newsID=18947](http://www.aei.org/include/news_print.asp?newsID=18947), accessed 3 March 2004.

<sup>13</sup> Jean-Philippe Cotis, “Population Ageing: Facing the Challenge,” *OECD Observer*, no. 239, 26 September 2003.

<sup>14</sup> Carla Power, “Out of the Shadows,” *Newsweek*, 13 August 2001, 28.

“crunch point” and announced “a top to bottom analysis of the immigration system.”<sup>15</sup> Prime Minister Blair stated, “We will neither be Fortress Britain, nor will we be an open house. Where necessary, we will tighten the immigration system. Where there are abuses we will deal with them.”<sup>16</sup> In addressing concerns about immigration abuse he said, “No-one will be able to come to the UK from anywhere in the enlarged EU simply to claim benefits or housing. There will be no support for the economically inactive.”<sup>17</sup>

## F. CAVEATS

In an attempt to acknowledge all sides of the demographic debate, it must be noted that demographic forecasts have often proven inaccurate. Nicholas Eberstadt, a demographer at the American Enterprise Institute, has pointed out that:

Projections aren’t terribly accurate over the long haul... Demographers have been surprised by just about every big fertility change in the modern period. Demographers didn’t anticipate the baby boom. They did not anticipate the subsequent decline in fertility in industrialized Western democracies.<sup>18</sup>

Eberstadt has also written on the challenges of accurately defining the assumptions necessary for useful predictive analysis:

The paradox of long-term demographic forecasting is that its methods combine superb technique with an almost complete lack of viable predictive theory...For mathematical demography will easily demonstrate that under non-catastrophic conditions, change and composition within any convened population will be dominated by fertility trends--and the “population sciences” offer no reliable framework for anticipating the fertility trends of the future.<sup>19</sup>

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<sup>15</sup> Tony Blair quoted in, “PM Speech to the Confederation of British Industry on migration,” *10 Downing Street Website*, available from <http://www.number-10.gov.uk/print/page5708.asp>, accessed 18 May 2004.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Eberstadt quoted in Barbara Crosette, “Experts Scale Back Estimates of World Population Growth,” *New York Times*, 20 August 2002.

<sup>19</sup> Nicholas Eberstadt, “What if it’s a World Population Implosion? Speculations about Global Depopulation,” American Enterprise Institute, *Harvard Center for Population and Development Studies*, March 1998, available from <http://hsph.harvard.edu/Organizations/healthnet/HUpapers/implosion/depop.html>, accessed 6 May 2004.

Forecasts nonetheless remain useful as educated assessments of plausible future trends based upon available data. The current and historical birth rates of European countries are known. The factors influencing these birth rates do not generally appear to be shifting towards higher fertility rates, despite some national variations. (At present France has one of the highest birthrates in the EU.) Although women of childbearing age in EU nations may decide in the future to have more children than they have had over the past several decades, this appears unlikely due to (a) growing social acceptance of women working outside the home and/or remaining childless, (b) the cost associated with raising a family, and (c) widespread use of effective contraceptives. In addition, a child born today will not enter the workforce for approximately two decades, assuming some level of advanced education is received.

### **III. CHALLENGES POSED BY DEMOGRAPHIC TRENDS**

#### **A. ADVERSE WORKER-TO-PENSIONER RATIO**

The worker-to-pensioner ratio resembles the population pyramid mentioned in Chapter II. As the working cohort becomes smaller and life expectancy increases, the ratio of workers to those receiving retirement benefits begins to shift in the direction of the aged and becomes fiscally unsustainable for the government. Simply stated, if current demographic trends continue, all things remaining equal, there will come a point when there are not enough productive taxpayers to support the retired and others who do not work. Attempts to reduce benefits and extend the working age have met fierce resistance in EU countries in which governments have attempted to remedy the looming financial crisis. Examples of countries where such tensions are particularly notable due to political pressures and economic realities include Britain, France, Germany, and Italy. These nations represent a significant portion of the economic activity of the European Union. The financial stability of these countries is vital to the EU's future.

According to *The Economist*:

In Europe there are currently 35 people of pensionable age for every 100 people of working age. By 2050, on present demographic trends, there will be 75 pensioners for every 100 workers; in Spain and Italy the ratio of pensioners to workers is projected to be one-to-one. Since pensions in Germany, France and Italy are paid out of current tax revenue, the obvious implication is that taxes will have to soar to fund the pretty generous pensions that Europeans have got used to. The cost is already stretching government finances. Deutsche Bank calculates that average earners in Germany are already paying around 29% of their wages into the state pension pot, while the figure in Italy is close to 33%.<sup>20</sup>

These projections are subject to change, however, if governments reconfigure their pension schemes with respect to tax payer obligations, benefits, and eligibility requirements. The political will to effect such changes has largely not yet appeared. Other analyses have reached similar findings regarding the future of pensions within the EU assuming current trends continue:

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<sup>20</sup> "Charlemagne: Europe's Population Implosion," *The Economist*, 19 July 2003, 42.

In all likelihood, experts say, Italy and Germany will have one worker for every retiree in about 30 years. By some calculations, taxes will rise so much in Germany and Italy that half of workers' incomes will go to taxes to support retirees, with taxes for other purposes on top of that.<sup>21</sup>

Such taxation schemes would have a devastating effect upon societies and governments that fail to address the population decline already in progress. The economic consequences would likely challenge the fiscal stability of the European Union. Some possible remedies to these trends, which are discussed in Chapter IV, pose their own complications.

## **B. RISING COSTS OF HEALTH CARE FOR THE ELDERLY**

It is a reasonable assumption that once advances in health care gain widespread use within a population, the continued use of such treatments and medications is expected. Although the cost of a particular treatment may decline over time, continued research and medical advances are expensive. As the pensioner cohort grows, so too does the cost of providing ever-improving health care benefits.

## **C. ECONOMIC DOWNTURN**

Notwithstanding the mounting fiscal burden of unsustainable pay-as-you-go pension schemes, the potential impact of sub-replacement birthrates and declining population has yet to be fully grasped by political leaders in the European Union. Patrick Carroll of the Pension and Population Research Institute in London has stated:

When the birth rate stays at 22 per cent below replacement level, as it now is in the UK, there are only two prospects: we face actual depopulation with decline in all markets and all activities proportional to the decline in the birth rate – or we face a takeover of the population by immigrant groups. And indeed when the birth rate is falling fast, even in the Muslim countries of the world, it is doubtful if the second of these alternatives will be open to us for very long...We are instead following on the road of Japan and Germany where the economy seems locked into permanent depression – not because of economic neglect or lack of investment or failure to apply modern technology or need for structural reform, but because an ageing and shrinking population cannot generate any increase

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<sup>21</sup> Anne Swardson, "A Pension Crisis Looms in Europe," *Washington Post National Weekly Edition*, 1 May 2000, 17.



in consumer spending nor achieve any real economic growth. The first minister of Scotland was more realistic when he said recently that the decline in population there was “making a serious problem even worse.”<sup>22</sup>

This leads one to ask, would not reductions in the number of workers actually help lower the high unemployment rates in Europe? A purely mathematical approach to filling vacant jobs with the unemployed is not practical given the complex unemployment issues in Europe. In reality, many job opportunities require relocation and retraining. For example, in the European Union (as in some other parts of the world supplied with large sources of immigrant labor), native workers refuse to perform some jobs. Moreover, immigrant laborers, whose standard of living expectations are lower, are frequently willing to work for less than native workers.

#### **D. MIDDLE EAST DEMOGRAPHIC TRENDS**

Over the course of the next few generations, the reproductive rates (and associated population size) in key regions surrounding Europe will bear a sharp contrast to those within the European Union. According to Joseph Chamie, Director of the United Nations Population Division, 97 percent of current population growth is occurring in less-developed countries.<sup>23</sup>

The population growth in the Middle East has in particular caught the attention of experts in the European Union and beyond. Martin Wolf, associate editor and chief economics commentator of *The Financial Times*, has written:

The pressures for immigration will be great, not only because of the low rates of population increase but also because the neighbours have high natural rates of increase. Turkey’s population is forecast to rise from 68m [million] in 2000 to 98m [million] in 2050, for example, and Egypt’s from 68m [million] to 127m [million].<sup>24</sup>

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<sup>22</sup> Patrick Carroll of the Pension and Population Research Institute, London, “A Shrinking Population – Not Neglect – Puts Us at Risk of Suffering an Economic Downturn,” *Financial Times*, 3 - 4 April 2004, 10.

<sup>23</sup> Crosette, “Experts Scale Back Estimates of World Population Growth.”

<sup>24</sup> Wolf, “How to Prevent Old Europe,” 11.

The program coordinator for the Global Aging Initiative at the Center for Strategic and International Studies in Washington, D.C., Craig Romm, provides the following commentary on the security concerns aroused by the expanding birth rate differential between NATO countries and the Third World:

A report released by the Central Intelligence Agency points out that “youth bulges” often accompany political instability, ethnic wars, revolutions and anti-regime activities. Among the 25 youngest countries in the world, 16 have hosted major conflicts over the past 10 years. In contrast, of the 25 oldest countries, only Croatia has faced a major civil conflict over the same time frame. Young men with few economic opportunities are easily recruited into radical causes...In much of the volatile Middle East, exploding birthrates have created ultra-young societies. Saudi Arabia, Iraq and Pakistan all have median ages under 19, and are among the youngest and fastest-growing countries in the world. Unemployment, already a serious problem in these countries, is likely to get much worse in coming decades. A lack of economic prospects and fewer opportunities to emigrate, a byproduct of anti-terrorism, is quickly turning the region into a pressure cooker.<sup>25</sup>

The challenges fostered in the Middle East by its demographic trends should be of concern for the European Union as well as NATO and the Middle East itself. Population density is likely to increase in urban areas in the less developed regions which surround Europe to the south and east. The likelihood that these societies will attain a quality of life comparable to that of their European neighbors is small, at least for the next several decades. The population disparity between the countries of the EU and its neighbors in northern Europe and the Middle East will increase the pressure of migration, legal and illegal, into the European Union.

During a seminar on current religious and cultural issues sponsored by the Ethics and Public Policy Center, Philip Jenkins offered the following insight regarding the role of religion in today’s changing demographic environment:

Associated with these large demographic facts [graying societies] are some other big changes, such as urbanization. This just took off a few decades ago in Africa and will accelerate over the next thirty to forty years. It’s going to be one of the greatest social movements in

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<sup>25</sup> Craig Romm, “Will NATO Be Defeated By Demography?” *San Diego Union-Tribune*, 4 October 2002.

history...They [societies in the less developed world] teem with vast cities where huge numbers of the very poor live. The old social networks of country or village life are gone or broken, and the state, even if it is politically oppressive, is otherwise so feeble and inept that people must rely on their own efforts to get anything in the way of health care, schooling, and basic welfare or community services. Religious groups often organize these self-help efforts. The reason radical Islam does so well is that it has a knack for building social networks.<sup>26</sup>

#### **E. EFFECTS OF MASSIVE IMMIGRATION ON EUROPEAN IDENTITY**

A massive and widespread increase of immigration is one option to deal with the short-term economic and labor issues associated with the European Union's declining birthrates. Indeed, immigration efforts have been utilized in the form of guest-worker programs previously in Western Europe when demand for labor was high. Immigration into democratic countries, however, has social implications that transcend the stop-gap measures meant to address labor short falls. What is the status of the immigrants? Are they and their children eligible to become citizens? Thus, depending upon the immigration policies of the individual countries, large scale immigration from ethnic groups with higher birthrates promotes the growth of culturally distinct groups within Europe that often retain non-European traditions. Additionally, according to the policy of the country, these immigrants and their offspring may become voting members of society. If these culturally distinct groups form cohesive voting constituencies, they may seek to place into public office representatives who are capable and desirous of promoting immigrant-oriented policies. Such policies may range from more generous social welfare programs to sensitive religious topics such as the hijab controversy in France since the 1980s. (The hijab is the head-covering worn by many Islamic women and girls.) In an attempt to perpetuate a secular environment, recent legislation in France prohibits conspicuous displays of religious identity in state schools, including the hijab.

Immigrant populations are in some cases perceived by native Europeans as lacking sufficient assimilation and loyalty to their new host nations. Immigrants often

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<sup>26</sup> Philip Jenkins quoted in "The Rise of Global Christianity: A Conversation with Philip Jenkins and David Brooks," *Center Conversations*, Carol Griffith, ed., Ethics and Public Policy Center, Washington, DC, July 2003, no. 23, 2.

struggle with reconciling their long-held traditional and religious values to the social and secular norms of their new European homes. In a study entitled *Population and Politics Since 1750*, William H. McNeill explains the challenges of assimilation:

Assimilation involves betrayal of old values and ways of life. Second-generation immigrants, embarked on this course, may find their way blocked by the unwillingness of older elements in the population to accept them as equals and fellow citizens. Such experiences are liable to generate a culture of defiance among the young, who may find themselves alienated from their parents and from the land of their parents' origin, as well as from the host country in which they find themselves. Signs of defiant, often self-destructive, behavior abound in Europe.<sup>27</sup>

In Rome, city officials have promulgated business zoning regulations in an attempt to preserve the historic nature of the city. The regulations limit the types of new businesses that are most commonly opened by immigrants, for instance, the Chinese. The spokeswoman for the commerce adviser to the mayor and the department in charge of regulating trade in the city said, "We're trying to avoid development of ethnic neighborhoods. One ethnicity cannot dominate an entire neighborhood. There cannot be a Chinatown in Rome."<sup>28</sup> A law from the 1920s which requires signs in a foreign language to be smaller than those in Italian was enforced when Chinese merchants hung Chinese lanterns, evoking a negative reaction from the local residents.<sup>29</sup> Such clashes between cultures in Europe are not new, and are likely to increase given the demographic projections previously mentioned. Italy, for example, has a population of approximately 57 million including about 2 million legal foreign residents, and a police estimate of at least 1 million undocumented people.<sup>30</sup> Accurate numbers of illegal immigrants are unknown.<sup>31</sup>

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<sup>27</sup> William H. McNeill, *Population and Politics Since 1750* (Charlottesville: University Press of Virginia, 1990), 64.

<sup>28</sup> Maria Grazia Arditto, quoted in Daniel Williams, "Romans Resist Having a Chinatown in the Eternal City," *The Washington Post*, printed in *The Monterey County Herald*, 2 March 2004, A6.

<sup>29</sup> Williams, "Romans Resist Having a Chinatown," A6.

<sup>30</sup> Ibid.

<sup>31</sup> Ibid.

One of the largest debates over the future of European identity concerns Turkey's possible accession to the European Union. Although a member of NATO since 1952 and arguably the most secular and democratic of all Muslim countries, Turkey is still viewed by many EU citizens as non-European. This issue continues to generate a significant amount of controversy within the current EU member states, particularly in the more conservative political parties. This sentiment is founded largely on religious and cultural differences and the potential for large-scale migration of Turks within an EU enlarged to include Turkey. A *Financial Times* article on possible Turkish accession to the union observed:

The [French center-right] party [the UMP, or *Union pour la Majorité Présidentielle*] regards the issue as going to the heart of Europe's future identity...The executive of the UMP formally came out against Turkish membership of the EU in drawing up their platform for these [European Union] parliamentary elections. The far-right National Front is firmly against membership, as is the moderate centrist UDF party [*Union pour la Démocratie Française*]...The UMP is driven partly by a desire to placate its own members who feel Turkey is not sufficiently European because of its geography and religion...

Behind these opinions lies a largely unexpressed fear among the French and German right that Turkey, with its Muslim population projected to reach 100m [million] in the coming decades, will dramatically alter the confessional balance of Europe with its Judaeo-Christian heritage.<sup>32</sup>

## **F. SOCIAL STRUCTURE**

The current fertility rates, which have been at sub-replacement levels for some time and show little sign of increasing, may have more than an economic impact upon the European Union. The basic unit of society, the family, may undergo a radical transformation in such an environment. Italy, with the lowest fertility rate in the European Union (1.2) in 1998, also then had the lowest birth rate of any country in the

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<sup>32</sup> Bertrand Benoit and Robert Graham, "Turkish Accession Stirs Party Passions," *Financial Times*, 27 May 2004, 4.

world.<sup>33</sup> Using the “low variant projection” from the United Nations which anticipates a continuation of this trend until 2050, Nicholas Eberstadt has noted:

[U]nder reasonable assumptions about the incidence of childlessness and larger families, almost three fifths of the nation’s children will have no siblings, cousins, aunts or uncles--only parents, grandparents, and perhaps great-grandparents...less than 5 percent of Italy’s children would have both siblings and cousins.<sup>34</sup>

Although Italy’s birthrate dilemma in 1998 presented the extreme scenario at 1.2, the European Union’s average birthrate reported in 2002 is only slightly higher at 1.47. Eberstadt adds that after projecting two generations hence, “about forty percent of those European children would have no collateral blood relatives; less than a sixth would have firsthand experience of a brother or a sister and a cousin.”<sup>35</sup> Such a radical shift in the nature of the European family is bound to have social implications which have yet to be discovered and which are unlikely to be positive.

## **G. SECURITY IMPLICATIONS**

Since 1999 the European Union has been refining its Common Foreign and Security Policy to pursue an autonomous and cohesive European Security and Defense Policy (ESDP). It is likely that many of the forces which support the ESDP will be multi-hatted – that is, available for national, NATO and EU missions. NATO remains the foundation of the collective defense of most EU member states. Many European leaders have found it politically and fiscally difficult in the post-Soviet era to expend scarce tax revenue to fund a military organization whose original and historic adversary (the USSR) vanished in 1991.

Participating in the war on terrorism has become one of the new missions of the Alliance. The history of NATO is replete with debates regarding burden-sharing (and burden-shifting). There are several methods for comparing the contributions of the various member states of the Alliance. Spending as a percentage of GDP is a common

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<sup>33</sup> Eberstadt, “What if it’s a World Population Implosion?”

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

metric of support. Since the mid-1980s defense spending has steadily declined in most NATO countries, with sharp decreases following the collapse of the USSR in 1991. For the reasons described in this chapter and in Chapter II, the growing pension crisis will place even greater strains upon the ability of national governments to maintain and improve their military capabilities. David Yost, a professor at the United States Naval Postgraduate School, writing on the military “capability gap” between the United States and its NATO allies, concludes:

The reversal of current trends toward reducing defence spending in most EU countries depends on at least three factors: economic growth; threat perceptions; and the prominence of social priorities other than national defence.<sup>36</sup>

Whereas the peripheries of Europe, notably North Africa and the Middle East, are experiencing a “youth bulge,” with no expected change in sight, the increase in the median age in European Union nations also alters the demographic make up of the Alliance. In October 2002, Craig Romm, the program coordinator for the Global Aging Initiative at the Center for Strategic and International Studies in Washington, D.C., offered the following observations:

When the alliance was formed 53 years ago [1949], the median age was 31. Now it is 36 and rising. By 2050, it will be 44, and without the United States and Turkey, it would be 49. The inclusion of the...new candidate countries will help to stabilize NATO’s population size, but it will do nothing to halt the precipitous rise in the median age. In fact, Eastern Europe is depopulating even faster than Western Europe. The rapid aging of Europe will only deepen the age and military disparity between the United States and its allies. ...

As NATO grows older, there will be fewer young people to fill military roles. The shrinking of the alliance’s domestic work forces is now a demographic certainty, and the competition from the private sector will make military recruitment harder than ever before. Countries with manpower shortages may prove unwilling to commit to military confrontations, instead relying on ad hoc diplomacy and outright appeasement. ...

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<sup>36</sup> David Yost, “The NATO Capabilities Gap and the European Union,” *Survival*, vol. 42, no. 4, Winter 2000-01, 120.

Barring a new baby boom or a wave of migration on an unprecedented scale, the demographic trends for NATO are essentially fixed. The issue of guns or grandparents must be addressed before military decline becomes irreversible.<sup>37</sup>

NATO's military functions have been redefined owing to the shift from an era with a clearly definable adversary to a new situation in which multiple missions are supported from the finite resource pool of the Alliance. This factor, combined with an increasingly united Europe which has not experienced a general war for over half of a century, places into question the expenditure of national treasure on the military capabilities of an organization which was victorious in the Cold War. Moreover, the requirements to replace Cold War era hardware will begin to mount as these assets near the end of their service life. According to Paul Hazell, the Director from 1992 to 1998 of the study *The Implications of New Technology for Maritime Operations in 2015*, which was sponsored by the Supreme Allied Commander, Atlantic (SACLANT):

All NATO nations will come under increasing pressure to fund the retirement and social security/health costs of a growing number of post-Second World War 'baby-boomers.' At best, defence budgets will remain level; at worst they could fall to 1% of Gross Domestic Product. From 2005 to 2020, when the pressures on defence budgets will peak, the need to replace major assets that were built at the height of the Cold War will become paramount.<sup>38</sup>

This trend should be of growing concern to the Atlantic Alliance. Decreased funding in Europe for military capabilities exacerbates the widening "capabilities gap" between the United States and its NATO allies. The Alliance's military personnel will come from populations of increasing median age. As John Van Oudenaren, chief of the European Division at the Library of Congress, has observed:

One effect of slow population growth in Europe (coupled with increased life expectancy from improvements in health) is the pronounced aging of the population...Rising dependency ratios will place a heavy burden on government finances, particularly in light of the unfunded pension liabilities in most European countries. Small cohorts of draft-age males will mean that European countries, including Russia, will be militarily

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<sup>37</sup> Romm, "Will NATO Be Defeated By Demography?"

<sup>38</sup> Paul Hazell quoted in Yost, "The NATO Capabilities Gap," 120-121.



weaker relative to many non-European countries than the comparison of aggregate population figures alone would suggest.<sup>39</sup>

Thus, the demographic trends also affect the military effectiveness of NATO in ways which cannot be remedied by money alone. In addition, current demographic trends will likely reduce the revenue in absolute terms available for military expenditure as well as political will to spend public funds for this purpose. The full impact of the demographic trends upon the Alliance may result in a net loss of capability in terms of equipment investment and human capital.

The social tensions associated with increased immigration have gained added significance owing to security concerns in the wake of the terrorist attacks in the United States on 11 September 2001. The often quoted American phrase, “The Global War on Terrorism,” does little to clearly elucidate the nature of the current security environment. Terrorist acts are a tactic, and at best a strategy. In the absence of identifiable foreign government support for terrorist acts, it would appear that Western democracies and other nations have gone to war with a tactic rather than declaring a war on the main source of current terrorist activity, radical elements of fundamentalist Islam opposed to modern Westernized culture and values. It is possible that sensitivities towards domestic constituencies have led some Western governments to obscure the nature of the current war, but that appears to be changing. In April 2004, Prime Minister Tony Blair announced “we cannot simply dismiss any concern about immigration as racism.” He went on to highlight some of the abuses of the current system, “like radical clerics coming here to preach religious hate; people staying here to peddle support for terrorism.” The Prime Minister further stated that “There can be no place for those who incite hatred against the very values this country stands for. And we will take firm action against those who abuse the privilege of British citizenship to do so.”<sup>40</sup>

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<sup>39</sup> John Van Oudenaren, “Sources of Conflict in Europe and the Former Soviet Union,” in Zalmay M. Khalilzad and Ian O. Lesser, eds., *Sources of Conflict in the 21<sup>st</sup> Century: Regional Futures and U.S. Strategy* (Santa Monica, CA: RAND, 1998), 244.

<sup>40</sup> Tony Blair quoted in, “PM Speech to the Confederation of British Industry.”

## H. RUSSIA'S DEMOGRAPHIC CRISIS

Although Russia is not a member of the European Union, and remains unlikely to join in the foreseeable future, the potential spillover effects of the challenges experienced by Russia are worthy of consideration given its geographical proximity to the EU as well as to troubled regions of the world, including the Middle East.

Nicholas Eberstadt has commented as follows on United Nations Population Division projections that assume a Russian birthrate of 1.14:

[T]he Russian Federation's population falls from 146 million in 2000 to a mere 104 million in 2050 – roughly the same level recorded in 1950, a century before...And whereas Russia is the world's sixth most populous country today, it would be only number seventeen in 2050 – smaller than Vietnam, Iran, or even demographically challenged Japan...It should be understood, furthermore, that this UNPD reading of Russia's population future is relatively optimistic: Less sanguine projections would show the country shriveling even faster.<sup>41</sup>

Russia's population decline is not due entirely to sub-replacement birth rates, however. David Satter, a research fellow at the Hoover Institution, has written that:

This [lawlessness and Russian "society's disregard for human life"] gives Russia the second highest murder rate in the world (after South Africa). Unfortunately, however, this figure may be a serious underestimate. According to Russian demographers, in addition to the confirmed murders [40,000 per year, 3 times the 1990 rate] there are another 40,000 violent deaths per year in Russia in which the cause of death—murder or an accident—cannot be established, and there are 20,000 cases a year where individuals simply disappear...

Russia combines one of the lowest birth rates in the world with the death rate of a country at war. According to Igor Gundarov, the head of the Russian state center for prophylactic medicine, if present trends continue, the population of Russia will be reduced by half in 80 years, to about 73 million, making the present Russian state untenable. In the years 1992-1994 there was an almost vertical rise in the death rate...The rise was so dramatic that Western demographers at first did not believe the figures.<sup>42</sup>

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<sup>41</sup> Nicholas Eberstadt, "World Population Prospects: The Shape of Things to Come," *American Enterprise Institute for Public Policy Research*, 1 April 2001, available from [http://www.aei.org/include/pub\\_print.asp?pubID=12666](http://www.aei.org/include/pub_print.asp?pubID=12666), accessed 3 March 2004.

<sup>42</sup> David Satter, "A Low, Dishonest Decadence," *The National Interest*, Summer 2003, no. 72, 121-126.

Russian-Chinese relations will be affected in the coming generations as Russia's population declines sharply while sharing a border with a growing China. The security concerns along this border over living space and access to natural resources preoccupy some far-sighted Russian strategists. Dmitri Trenin, Deputy Director of the Moscow Carnegie Center, has written:

Some analysts forecast that by mid-21st century there will be 7 to 10 million Chinese living in Russia who thus will become the second largest ethnic group in Russia after the Russians themselves. This possibility alone should revolutionize Russia's way of thinking and mobilize the will of the authorities. Given these conditions, the lack of clear and consistently implemented immigration policies virtually guarantees inter-ethnic frictions that may easily lead to violent clashes between the local Russians and the Chinese immigrants, which in turn could escalate to an inter-state conflict between Russia and China.

Such a conflict may result in a resumption of the Russian-Chinese military standoff, but this time on terms much less advantageous for Moscow. Both the Russian military forces and presence in Asia are decreasing...As the Russians know too well, the defense of their Far Eastern provinces involves enormous difficulties. The combat potential and readiness of Russian armed forces are at their lowest level in the past 50 years.<sup>43</sup>

Russia's security may therefore become a significant concern for the European Union for reasons in addition to the EU-Russian Partnership and Cooperation Agreement. The post-Soviet era has witnessed a dramatic increase in immigration and movement of peoples within Russia and other former Soviet republics. There is evidence to suggest a coming AIDS pandemic of massive proportions within Russia in addition to the high levels of tuberculosis and other diseases.<sup>44</sup> Travel to and from Russia may become a new security concern for the European Union. As the demand for immigrant labor continues to attract workers from the east, the migrating work force seeking greater opportunities in the EU may be a source of increased health risks for the European Union.

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<sup>43</sup> Dmitri Vitalievich Trenin, "Threats and Challenges for Russia," *Russia's China Problem*, The Carnegie Moscow Center, Carnegie Endowment for International Peace (Washington: 1999), available from <http://www.carnegie.ru/en/pubs/books/volume/36340.htm>, accessed 24 May 2004.

<sup>44</sup> Nicholas Eberstadt, "The Future of AIDS," *Foreign Affairs*, vol. 81, no. 6, (November/December 2002).

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## **IV. OBSTACLES TO OVERCOMING CHALLENGES**

Social scientists have offered some hypotheses about the origins of current demographic trends and have outlined the magnitude and complex nature of the obstacles at hand. Some of the proposed solutions to the challenges presented by declining birthrates and increased longevity include economic reform and increased immigration. This chapter addresses the major obstacles to implementing commonly proposed remedies to the challenges reviewed in Chapter III.

### **A. SOCIAL ATTITUDES ABOUT HAVING CHILDREN AND RAISING A FAMILY**

Population replacement for the European Union (assuming no immigration) requires on average 2.1 children per woman. However, the decision to have a child is dependent upon multiple factors, including a woman's choice to (a) become pregnant, if possible, and (b) even if the pregnancy was not wanted or planned at the outset, to carry the child to term. Several factors influence this decision cycle. Martin Wolf of the *Financial Times* has written:

Policy must be designed to make it possible for women, above all educated women, to combine fulfilling careers with children... The cultures in which women have stopped having children most completely are those of southern Europe and east Asia. Here women are emancipated if they remain childless, but are imprisoned by traditional male attitudes if they do not. What is happening in Italy, Spain and Japan is the war of women against male chauvinism. Women are winning. If the men who dominate these countries do not surrender, they will soon not have much of a society left.<sup>45</sup>

This suggests that women are making lifestyle choices in an environment that fails to adequately consider the unique circumstances of modern living and the realities of raising a child in today's economy.

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<sup>45</sup> Martin Wolf, "The trouble with living a longer, more fulfilled life," *Financial Times*, 7 January 2004, 17.

Martin Wolf has also cited the views of Adair Turner, former director-general of the Confederation of British Industry and currently chairman of the United Kingdom's commission on pension policy. "As Mr. Turner says, whenever we see reasonable prosperity, high female literacy and a supply of contraceptives that are legal, safe and reasonably cheap, we find fertility rates dropping towards (and even below) replacement levels."<sup>46</sup>

## **B. RESISTANCE TO LOWER PENSION BENEFITS AND INCREASED RETIREMENT AGES**

One method of mitigating the coming fiscal crisis caused by extensive social programs and the aging of European society is to lower the benefits of those programs. European politicians have found employing this method tremendously difficult, if not impossible.

Increased economic prosperity since 1945 has produced ever rising standards of living. This phenomenon, combined with remarkable advances in medical science, has created expectations of higher levels of health care. Since growing numbers of beneficiaries of such health care programs are often no longer economically productive, the total cost of caring for the aged is increasing at an unsustainable rate. This is one consequence of the decreasing worker-to-pensioner ratio and the increased life expectancies discussed in the previous chapter.

## **C. ROLE OF WOMEN IN THE WORKFORCE**

European women have increasingly sought employment outside the home for the reasons which have been previously discussed. Challenges arise when the opportunities to raise a family and seek employment are viewed as mutually exclusive options. Encouraging women to have children and play a vital role in the economy would help offset the declining birthrate and address one of the core factors resulting in women choosing to have fewer, if any, children.

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<sup>46</sup> Ibid.

More extensive childcare subsidies would be expensive. However, such subsidies could enable more women to pay taxes, and more importantly, augment the population size of the next generation of the working cohort, which will eventually have to pay for the pensions and government services of those currently working (and having children).

Taxation schemes which “penalize” dual income families for filing taxes jointly do little to encourage women to enter the workforce. As Jean-Philippe Cotis of the OECD has noted:

Married women are widely considered as the second earner in a couple and when their income is taxed jointly with that of their husband, the marginal tax rate can be very high. This is unfortunate since women’s participation reacts more to tax changes than that of men. Most countries have moved towards taxing each earner in the couple separately, but joint taxation still exists in a number of countries, including France and Germany.<sup>47</sup>

Certainly, finances play a crucial role in the decision to raise a family. The attitudes of government leaders must also adapt to the current demographic trends and pending challenges imposed by low birth rates.

Some EU politicians have recognized the necessity to include the concerns of women in their policies. The current debate often centers on the role of the state in pro-natalist policies. Some parents, dissatisfied with the present performance of the state, to include its policies towards the family, may be disinclined to have more children, and discourage others from having any children at all. In a Mother’s Day speech in 2003, the President of the Republic of Estonia, Arnold Ruutel, said:

Dear Mothers,

You are trying to do your utmost to compensate your children for what tends to perish during fundamental upheavals in society and when values are changing. Thank you very much for these efforts!

...It’s true that we are engaged in debates on how to increase birthrate and to ensure the survival of the Estonian people but, unfortunately, the mothers’ voice in this discussion can be heard too rarely...

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<sup>47</sup> Cotis, “Population Ageing: Facing the Challenge.”

[W]ithout taking the responsibility for the future of children already born, appeals for giving birth to more babies cannot be justified either... Therefore, let's think today as well about what kind of attitude to matrimony and raising children prevails in our society. Is it supportive and appreciative? Obviously you have reasons to be doubtful or even to say no. For why else should we worry about [the] extremely low birthrate of our people over the last years, about too many school-drop-outs and large numbers of street children. Thus, looking farther forward, we begin to be filled with a foreboding that the staying power and survival of the Estonians as a nation might be endangered.

You, Dear Mothers, have tried your utmost to release us from worries about these problems. Therefore, I would rather call on your workmates and husbands, but also on statesmen and social scientists without whose advice and support mothers could hardly perform their responsible role successfully.<sup>48</sup>

It would seem that the Estonian government's actions are consistent with its rhetoric. The *Financial Times* reports:

Estonia - faced with a predicted 52 per cent decline in its population by 2050 - has introduced some of the world's most generous state-funded maternity and paternity allowances, giving mum or dad the equivalent of a year's pay while she or he stays at home looking after baby. The scheme only took effect in January but births shot up 10-15 per cent in the first quarter because, as Meelis Atonen, economy minister, put it, couples started "preparing" for children...in advance. Tax allowances and other financial inducements have a poor record for encouraging reproduction in the west, but Estonia's experience hints at an explanation: they have simply not been big enough.<sup>49</sup>

Although Estonia's current positive financial situation (low debt and fiscal surplus) is not common throughout Europe and may not offer a workable template for all EU countries, this report indicates that state-sponsored programs can encourage higher birth rates if properly designed and implemented to meet the needs of those facing the choice of whether to have children.

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<sup>48</sup> President Arnold Ruutel, "The President of the Republic on Mother's Day, 11 May 2003, at the Concert Hall Estonia," *The President of the Republic of Estonia Website*, available from <http://www.president.ee/eng/koned/kone.html?gid=33339>, accessed 23 May 2004.

<sup>49</sup> Leaders & Letters, "How to Grow Babies: When It Comes To Tax Breaks, Size Is Everything," *Financial Times*, 15/16 May 2004, 6.



#### **D. EFFECTS OF GLOBALIZATION UPON EU ECONOMIC ACTIVITY**

As previously mentioned, social welfare and pension schemes are consuming a growing share of limited government funds from a shrinking tax base due to the shifting population pyramid. Globalization is affecting the economies of the European Union with generous social welfare programs, because they are finding it more difficult to remain competitive in globalized industries. Labor unions are often quite powerful and influential in domestic politics in the EU. Economic competition comes from other countries or regions where labor is markedly less costly and collocated with the sources of raw materials needed for manufacture. Such regions lack the social welfare obligations commonly found in the European Union and are attractive locales for corporate activity due to the comparative advantage gained by their cheap labor pools.

#### **E. ANTI-IMMIGRANT SENTIMENT AND EUROPEAN IDENTITY**

Reluctance to accept immigrants into the populations of European Union countries goes well beyond nativist fears of an immigrant takeover by people from non-European regions. The enlargement of the EU from 15 to 25 member states has evoked strong reactions in some Western European countries that are concerned about a legal flood of cheap labor. Moreover, new EU immigrants from the east may also seek to benefit from the generous social welfare services of their more prosperous neighbors. The economic challenges and social tensions caused by the movements of fellow EU citizens are causing turmoil and domestic political maneuvering. The challenges posed by legal and illegal immigration from Turkey, the Middle East, and North Africa will probably cause even greater reactions within the European Union. Much of the controversy regarding Turkey's potential accession centers on concerns over mass migration of Turks into other EU countries should it join the European Union. In addition to concerns regarding Turkey's projected population growth and "non-European" culture and religion, the *Financial Times* has noted:

Likewise, with Germany and France both large net contributors to the EU budget, there are fears that the addition of such a populous member state

which would for the foreseeable future be a net drawer of funds could destabilize the EU's finances.<sup>50</sup>

Countries in the European Union are also addressing the issue of identity in legislation that some have regarded as increasingly "anti-Muslim." Commenting on the *hijab* controversy in France, Manuel Valls, a Socialist deputy in the French National Assembly and a mayor who is known as a liberal human rights activist, stated:

I came to understand that this law [regarding the banning of head scarves in public French schools] wasn't about the head scarf, it was about funneling Islam toward being a more acceptable religion for France...There are good Muslims and bad Muslims. In France, we want good Muslims.<sup>51</sup>

Such "anti-Muslim legislation" is not restricted to France. Germany and Belgium are considering a similar law banning head scarves for public school teachers.<sup>52</sup> Moreover,

In the Netherlands, long a haven for tolerance, 26,000 mostly Muslim asylum seekers are being sent home to places such as Afghanistan and Iran. In Denmark, a law has passed to keep religious missionaries out of the country, which will stop Islamic clerics from serving their traditional four-year stints in area mosques.<sup>53</sup>

The wave of current anti-immigration legislation does not appear to be subsiding but rather gaining broader support from the public and notably from politicians in power from the EU's centrist and leftist parties, ironically the same parties that usually champion human rights. Previously, such sentiments were associated exclusively with far-right parties such as Jean-Marie Le Pen's *Front National* in France and Jorg Haider's Austrian Freedom Party.

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<sup>50</sup> Benoit and Graham, "Turkish Accession Stirs Party Passions," 4

<sup>51</sup> Manuel Valls quoted in Matthew Schofeld, "Europe Sees Wave of Anti-Muslim Laws," Knight Ridder Newspapers dispatch, *The Monterey County Herald*, 7 March 2004, A9.

<sup>52</sup> Schofeld, "Europe Sees Wave of Anti-Muslim Laws," A9.

<sup>53</sup> *Ibid.*, A9.

## **F. RELUCTANCE OF IMMIGRANTS TO ASSIMILATE**

It is difficult to ascertain if many immigrants to Europe are reluctant to assimilate due to the discrimination they receive in their new countries of residence, or if discrimination is due to the reluctance of immigrants to assimilate into the culture of the host country. Perhaps both factors are involved in creating current inter-ethnic tensions. Many Muslims (the largest minority group in Europe) feel disenfranchised by discrimination, either real or perceived. An article in the *Financial Times* explains that:

[I]n the fruit farms in the south, Moroccan and sub-Saharan migrant labourers find themselves competing with Poles and others imported under government-sponsored schemes from eastern Europe. Unemployed Moroccans say they are suffering from racial discrimination by farmers.

Katinka Barysch, a researcher at the London-based Centre for European Reform, says people from the new EU states competing with North African immigrants have an advantage because east Europeans are better educated. There are big cultural differences among Europe's Muslims but they are united in their sense of the discrimination they feel from the non-Muslim population.<sup>54</sup>

Many new immigrants in Europe, having left their native countries, choose to retain their original cultural identity in their new home. The hijab controversy in France constitutes an example of the polarizing social debate regarding immigration and assimilation when a non-European religious minority chooses to perpetuate a distinctly non-European custom and challenges long-held host country traditions.

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<sup>54</sup> Roula Khalaf and Stefan Wagstyl, "Europe's Muslims Fear Isolation in Enlarged EU," *Financial Times*, 12 May 2004, 16.

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## V. CONCLUSION

Current attempts to address the challenges posed by demographic trends have generally had little success thus far. Some European Union countries, however, have reacted to the economic challenges presented by current demographic trends. France, with one of the highest birthrates in the European Union, has several family-oriented initiatives designed to encourage parents to have more children. Joseph Chamie of the United Nations Population Division has noted:

At a time when the French Government is struggling with the labor unions over its attempt to raise the retirement age, policies to raise the birth rate are embraced and supported by all political parties...With the exception of Scandinavian countries, France spends more on families than any other member of the EU, 3 percent of GNP.<sup>55</sup>

The Prime Minister of France, Jean-Pierre Raffarin, has stated that “Family policy is an investment in society.”<sup>56</sup> France increased funding for programs designed to enlarge the country’s birthrate and provide incentives for mothers to rejoin the labor force.<sup>57</sup> President Jacques Chirac in a reelection campaign promised to “welcome the new child” with a “birth bonus” for pregnant mothers in their seventh month of pregnancy.<sup>58</sup> Ninety percent of women are eligible for such maternity incentive programs. As noted earlier, part of the solution to the rising median age of the European Union is an increase in the labor force (and tax base). To promote such an increase, the French government has promised to provide an additional 20,000 crèche places to encourage mothers to reenter the labor market after a subsidized maternity leave. Funding for such programs will be costly, but the family has long held a special reverence in France dating back to the Napoleonic Code which specified the family

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<sup>55</sup> Joseph Chamie, “Low Fertility: Can Governments Make a Difference?,” Presented at the Annual Meeting, Population Association of America (PAA), Session 105: International Responses to Low Fertility, Boston, 2 April 2004, 8.

<sup>56</sup> Jean-Pierre Raffarin quoted in “The French Family: Keep It Up,” *The Economist*, 3 May 2003, 53.

<sup>57</sup> “The French Family: Keep It Up,” 53.

<sup>58</sup> Jacques Chirac quoted in “The French Family: Keep It Up,” 53.

responsibilities of individuals.<sup>59</sup> France is continuing to devote national-level attention to the importance of the family. According to Jean-Pierre Raffarin, “Our attachment to the family surpasses economic logic.”<sup>60</sup> It could be argued, however, that France’s attachment to the family is entirely logical when viewed in long range economic and security terms.

It appears that EU countries may need to reduce pension and health care benefits; extend the working age requirement; develop a cohesive, practical, and enforceable policy on immigration; and promote a social climate conducive to increasing birthrates to at least population replacement levels. If the EU fails to pursue such policies, its ability to further the agenda of increased regional cooperation and cohesiveness will be limited and its prospects for ultimately becoming a global superpower will be constrained.

Although this thesis has concentrated on the challenges posed by demographic trends for the European Union, neighboring Russia is experiencing comparable phenomena albeit to a more acute degree. Nicholas Eberstadt’s provocatively phrased recommendation of “hiring women to be mothers” to deal with the situation in Russia might prove useful for the European Union as well:

To the extent that Russian policymakers have concerned themselves with the country’s negative natural increase problem, they have focused almost entirely on the birthrate - - and how to raise it. Not surprisingly, this pro-natalist impulse has foundered on the shoals of finance. In plain terms, raising the birthrate is an expensive business: especially when the potential parents are educated, urbanized women accustomed to paying careers. To induce a serious and sustained increase in childbearing, a government under such circumstances must be prepared to get into the business of hiring women to be mothers - - and this is a proposition that could make the funding of a national pension system look like pin money.<sup>61</sup>

In other words, a potential remedy to the current population implosion in Russia might also be relevant in the European Union. As the French example suggests, making

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<sup>59</sup> “The French Family: Keep It Up,” 53.

<sup>60</sup> Jean-Pierre Raffarin quoted in “The French Family: Keep It Up,” 53.

<sup>61</sup> Nicholas Eberstadt, “The Emptying of Russia,” *Washington Post*, 13 February 2004.

maternity economically attractive should be a state priority for any country concerned about adverse demographic trends. There remain many non-economic motives, however, involved in choosing to have children.

Most women of childbearing age in the European Union are educated and look forward to rewarding careers in the marketplace. Raising a family and competing in the business world are often perceived, to some degree, as conflicting and mutually exclusive propositions. Although many women may be simply waiting to have children later in life, the fact remains that the declining birth rates in the EU do not support self-sustaining populations.

Moreover, as previously discussed in Chapter II, some European women are choosing to simply postpone, rather than forego, childbearing. The “tempo effect” of this phenomenon was found to account for approximately 40 percent of potential future population declines. Advances in fertility medicine could potentially increase the childbearing age, but this would not be enough to solve declining birth rates in the European Union.

The OECD has calculated that to counter the economic consequences of the EU’s population aging, immigration might have to increase from 500% to 1000% of the current amount.<sup>62</sup> A sobering report in 2002 on international migration in the *Population Bulletin* states:

The UN Population Division estimated the number of immigrants that various countries would have to admit in order to maintain their 1995 populations, labor forces, and ratios of younger to older persons. The results show that immigration would have to increase dramatically to prevent population and labor force changes. The four largest EU countries - France, Germany, Italy, and the UK - include about 66 percent of EU residents, for example, but received about 88 percent of EU immigrants in 1995. If they wanted to maintain their 1995 populations (given current fertility rates), they would have to triple immigration levels, from 237,000 a year to 677,000 a year, with the greatest increase needed in Italy...To maintain their 1995 labor forces, immigration would have to increase to 1.1 million a year. Finally, to “save social security,” which means

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<sup>62</sup> “Europe’s Population Implosion,” 42.

maintaining the same ratio of persons ages 15-64 to persons ages 65 or older, immigration would have to increase 37-fold, to almost 9 million a year.<sup>63</sup>

Increasing immigration to the EU without a well regulated program will do little to solve the EU's demographic problems and promote a stable future. At best it will provide a stop-gap measure to address the shrinking labor market. Immigration could lead to greater social tensions between the immigrants and the dwindling number of native Europeans. The perceived invasion by non-Europeans will be the largest obstacle to promoting immigration as the primary solution to the demographic crisis. Cultural frictions may increasingly rise between native Europeans and migrants (and their descendants) from regions with non-European cultural traditions, including Asia, Africa, and the Middle East. Ultra right wing nationalists in EU countries may continue to seize upon this issue for political leverage in order to advance isolationist and socially exclusive nativist agendas. If such large-scale immigration is encouraged, it must be crafted to maximize the peaceful integration and assimilation of non-Europeans.

Daniel Pipes, an American analyst, has suggested that European countries should consider recruiting immigrant labor from other regions of the globe to promote the cultural diversity of Europe's immigrant populations and preserve Europe's traditional identity:

Latin Americans, being Christian, would more or less permit Europe to keep its historic identity. Hindus and Chinese would increase the diversity of cultures, making it less likely that Islam would dominate.<sup>64</sup>

Given the "estimate [that] Britain's mosques host more worshippers each week than does the Church of England," and the fact that the Islamic faithful are increasingly prominent in other EU countries, Pipes argues that such a program might assist in the preservation of Europe's "historic identity," as well as reduce real or perceived notions of Islam's growing "takeover" of Europe.<sup>65</sup>

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<sup>63</sup> Philip Martin and Jonas Widgren, "International Migration: Facing the Challenge," *Population Bulletin*, vol. 57, no. 1 (March 2002).

<sup>64</sup> Daniel Pipes, "Europe En Route to Islamic Takeover," *Chicago Sun Times*, 12 May 2004.

<sup>65</sup> Ibid.



The “turning point” of Europe’s demographic future has begun. Unless the current birth rates increase, the European Union will increasingly bear the negative consequences of adverse demographic trends in (a) economic activity, (b) social tension, and (c) domestic and international security. Programmatic recommendations designed to remedy these trends must go hand-in-hand with changing the social attitudes which present most of the obstacles to their successful implementation.

There is some evidence to suggest that government policies can positively affect birth rates. Joseph Chamie of the UN Population Division cites the conclusion of a previous study on this issue published in *The Population Bulletin of the United Nations*:

By all evidence, it offers thin hope for a reversal of the demographic fortunes of below-replacement fertility populations. Once this realization sinks in, perhaps societies facing depopulation will find the time ripe for moving from the domain of ordinary economic calculus to the domain of political economy: from redistributive jockeying to fundamental changes in the constitutional contract setting the rules of societal interaction. Demographic regeneration may then be within reach.<sup>66</sup>

Although implementing the recommendations will be costly and difficult, the member states of the European Union should consider vigorously pursuing some combination of the following measures in a coordinated fashion, with due respect for the unique characteristics of the individual EU countries, if they wish to avert the looming economic, social, and security crises foreshadowed by today’s demographic realities.

1. Reduce the size of the current benefits of social welfare programs by means such as requiring later retirement ages, in view of increased life expectancies.
2. Reduce public expectations regarding extensive social welfare programs.
3. Promote a business climate conducive to working later in life, including a higher retirement age, as well as the expectation of having to work later in life.
4. Continue to develop a comprehensive and coordinated EU immigration policy with strict border enforcement.

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<sup>66</sup> Paul Demeny, “Policy Interventions in Response to Below-Replacement Fertility,” *Population Bulletin of the United Nations* 40/41: 183-211, cited in Joseph Chamie, “Low Fertility: Can Governments Make a Difference?,” Presented at the Annual Meeting, Population Association of America (PAA), Session 105: International Responses to Low Fertility, Boston, 2 April 2004, 12.

5. Recruit immigrant labor from diverse cultural backgrounds.
6. Work to eliminate illegal immigration and end illegal immigrant labor.
7. Develop a coordinated guest-worker program and efficient means of monitoring the legal status of immigrant laborers.
8. Promote a financial, social, and employment climate that encourages couples to raise larger families.
9. Establish or enhance child care subsidies to encourage women to enter or rejoin the workforce.
10. Reconfigure taxation systems which penalize dual income families to encourage more women to enter the workforce.<sup>67</sup>
11. Foster a positive environment for part-time workers, including mothers and the more senior citizens of society.<sup>68</sup>
12. Promote a redefinition of who may be considered “elderly” and strive to increase society’s expectations of the contribution to be made by the older members of society.
13. Abolish early retirement and pay-as-you-go pension schemes that are economically unsustainable, and encourage diminished expectations from society on the part of the elderly.
14. Encourage more “entrepreneurial vigor” and higher productivity to compete in globalized markets.<sup>69</sup>

In summary, the demographic trends in the European Union will most likely have a negative effect in the following areas: national and EU economic activity, state fiscal viability, social stability, and domestic and international security. The movement towards population decline will be faster in some countries than in others, and it may be negligible in the few countries with the highest birth rates. However, even in countries with the higher birth rates, such as France, the effects of increased immigration pressures will continue. This analysis is dependent upon current trends remaining static, which, as noted earlier, is not consistent with demographic experience. Citizens of the European Union may begin to raise larger families. However, the factors which currently account for negative birth rates show little sign of abating.

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<sup>67</sup> Cotis, “Population Ageing: Facing the Challenge.”

<sup>68</sup> Ibid.

<sup>69</sup> “A Tale of Two Bellies,” 11.

Immigration may constitute a short-term measure to deal with the more immediate effects of the current trends but it is not a panacea without its own negative consequences for the social fabric and the unique national identities within the EU. European Union countries will have little choice but to accept the necessity of increasing immigration rates in order to avoid economic collapse, unless: (a) birth rates increase; (b) economically unsustainable early retirement and/or pay-as-you-go retirement schemes address the rise in life expectancy and adverse worker-to-pensioner ratio; and (c) the EU's citizens decide to work for longer and more economically productive periods. Massive immigration is not, in itself, a negative outcome, but Europe will undergo significant social and political changes.

Once new immigrants in the European Union gain the ability to participate in the political process by voting, the political landscape in the EU may change in ways not yet understood. New voters will likely elect officials able to empathize with the needs, wants, and cultural identities of immigrants, perhaps being recent immigrants themselves. The majority of the remaining voters, mostly native Europeans, may become more conservative in an attempt to secure their positions within an evolving society suffering from national and European identity crises. The end result may be a distracted European Union which may not be able to effectively pursue the goal of becoming a unified and powerful actor in international affairs.

In short, the security and financial consequences foreshadowed by the current demographic trends of an aging, economically weaker, and socially conflicted European Union could present dramatic implications for the vital national interests of the United States. They imply that the prospects for narrowing the military capabilities gap between the United States and its NATO Allies in Europe are poor. Disharmony in the European Union owing to social unrest at the national and transnational levels could adversely affect the organization of ad hoc coalitions for future contingency operations.

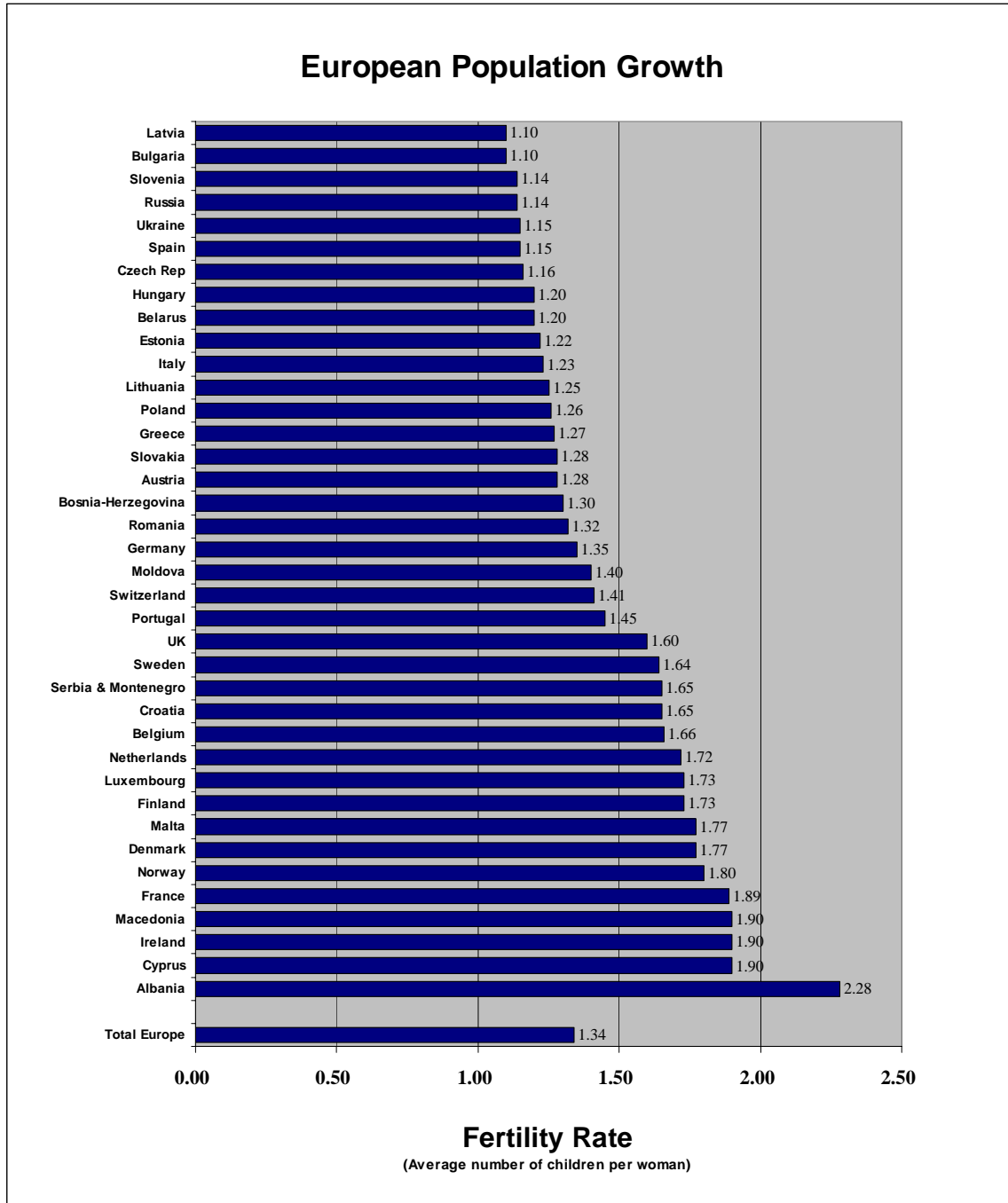
Demographic trends such as increasingly adverse worker-to-pensioner ratios could lead to fiscal conservatism in EU countries and EU institutions such as the European Central Bank, the European Commission, and the European Parliament. Increasingly risk-averse fiscal and monetary policies could discourage entrepreneurial

activities and might disrupt investment, trade, and labor opportunities between the United States and Europe.<sup>70</sup> Finally, rising tensions between growing numbers of disenfranchised immigrant populations and native Europeans as well as growing internal social unrest due to the challenges presented by current demographic trends could diminish the ability of the EU to exert influence in international political and security affairs. Most significantly, current trends could hinder the pursuit of the *raison d'être* of the European Union – the promotion of unprecedented peace in Europe.

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<sup>70</sup> Joseph Quinlan, a fellow at the Center for Transatlantic Relations, Johns Hopkins University notes “In 2001, and throughout most of the 1990s, Europe accounted for half of total global earnings of U.S. companies, as measured by U.S. foreign affiliate income...The top five employers in the U.S. were firms from the United Kingdom..., Germany..., France..., the Netherlands...and Switzerland...Out of the 6.4 million US workers on the payrolls of foreign affiliates in 2000, European firms accounted for nearly 70% of total employment.” Joseph Quinlan, *Drifting Apart or Growing Together? The Primacy of the Transatlantic Economy* (Washington: Center for Transatlantic Relations, 2003).

## APPENDIX. EUROPEAN POPULATION GROWTH<sup>71</sup>



<sup>71</sup> United Nations Population Division, cited in Wolf, "How To Prevent Old Europe," 11.

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